

Napa County Economic Forecast

The county's most prominent geographic feature is the Napa Valley, one of the most productive and famous wine growing regions in the world and a popular tourist destination. The majority of Napa County is primarily agricultural due to the productive and successful wine-growing industry. However, another significant industry in Napa's future economy is wholesale and retail trade.

Non-farm employment grew 1.7 percent in 2002, a year in which employment was contracting in all other San Francisco Bay area counties. The principal sector of job growth was retail trade, which added 1,000 new jobs in 2002. Finance added 120 jobs, and Services contributed 250 new jobs.

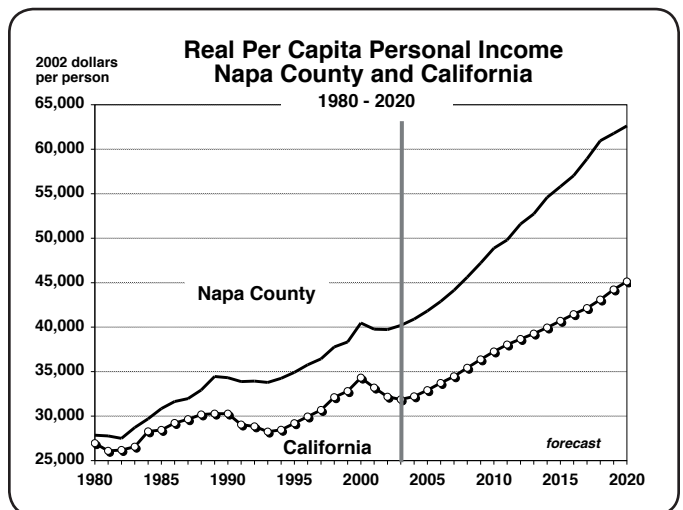
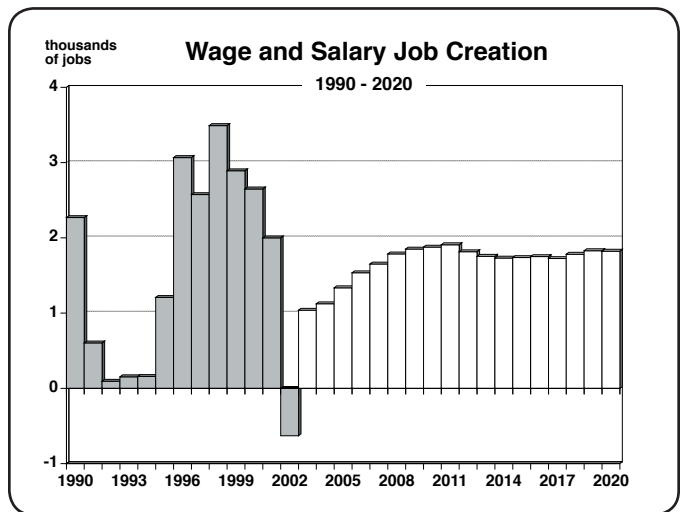
Two industry clusters vital to Napa County are the hospitality/tourism cluster and the food/beverages cluster. Because the fame of the Napa Valley wine region drives the economy in Napa County, these two clusters have been selected for economic development and training programs through a community planning process. Improvement in these two industry clusters would expand employment in hotels, amusement services, various general merchandise and specialty retail stores, food stores, and eating and drinking establishments.

Population growth has slowed considerably in the county. Napa, the largest city with 74,700 residents, grew a scant 0.7 percent between 2002 and 2003. Overall, the county's population grew just 1.3 percent in 2002. The fastest growing city is American Canyon.

The median home price for existing homes in Napa County was a relatively affordable \$276,650 in 2002. by mid-2003, median values for housing had jumped to \$400,000.

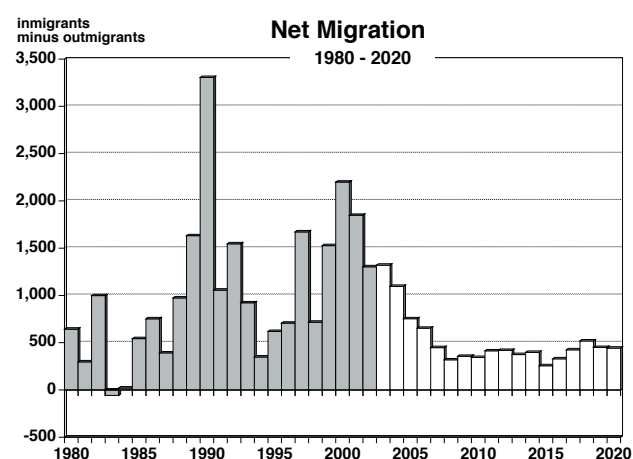
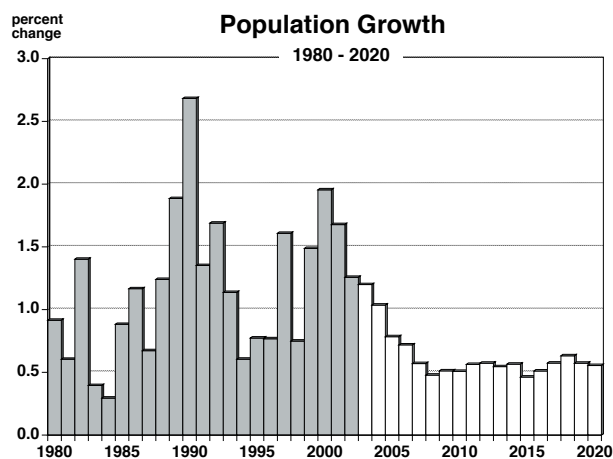
Forecast Highlights

- Job creation is forecast to slow over the next 5 years as growth is muted throughout the Bay Area economy. However, labor markets in Napa County are still forecast to expand at the rate of 2.5 percent per year. Between 1,000 and 1,800 new jobs will be created per year in the county.
- Population growth continues to subside, averaging 0.72 percent per year over the next 5 years. Net immigrating population is not expected to return to the levels that prevailed during the Internet boom when



1,500 to 2,000 people moved into the county per year. Instead, net migration will fall to under 1,000 people per year by 2005.

- Nearly 1,200 residential units were permitted in the county in 2002, the largest amount of homes in any single year since 1977. Building is forecast to decline substantially, to 700 units in 2003 and 650 in 2004.
- Real per capita income in 2002 was \$41,800. It is forecast to rise an average of 2.5 percent per year for the next 5 years. This compares to the 2.8 percent rate of growth in real per capita income between 1997 and 2002.

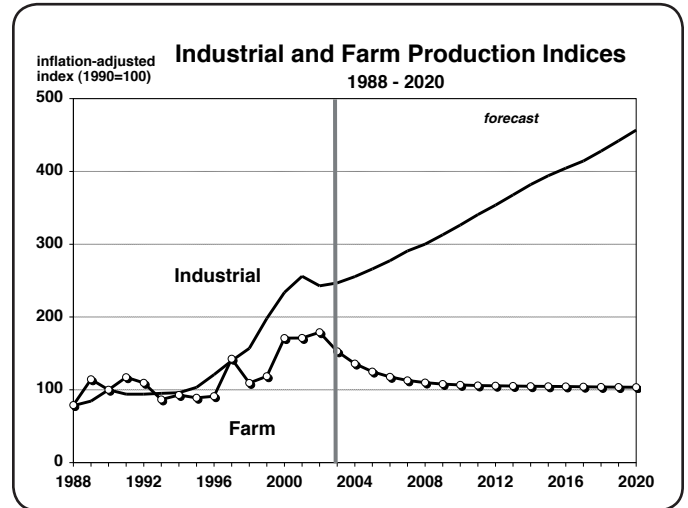
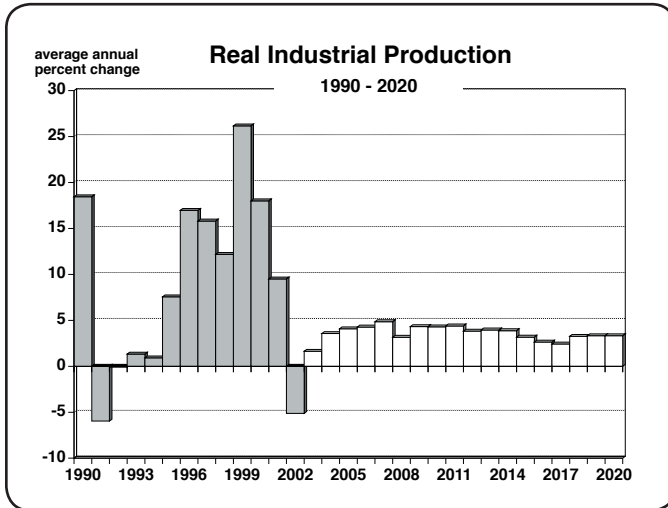


Napa County Economic Forecast

1995-2002 History, 2003-2020 Forecast

| | July Population (people) | Net Migration (people) | Registered Vehicles (number) | Households (thousands) | New Homes Permitted (homes) | Retail Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Farm Crop Value (millions) | Industrial Production (billions) |
|------|--------------------------------|------------------------------|------------------------------------|---------------------------|-----------------------------------|-------------------------------|----------------------------------|---|-------------------------------------|--|
| 1995 | 117,300 | 619 | 110,812 | 44.0 | 316 | \$0.7 | \$3.2 | \$34,924 | \$150.4 | \$1.2 |
| 1996 | 118,200 | 707 | 112,769 | 44.3 | 232 | \$0.8 | \$3.4 | \$35,767 | \$157.8 | \$1.4 |
| 1997 | 120,100 | 1,672 | 108,149 | 44.6 | 350 | \$0.8 | \$3.6 | \$36,433 | \$255.2 | \$1.6 |
| 1998 | 121,000 | 717 | 114,984 | 44.9 | 483 | \$0.9 | \$3.9 | \$37,773 | \$202.1 | \$1.8 |
| 1999 | 122,800 | 1,527 | 118,050 | 45.2 | 720 | \$1.1 | \$4.2 | \$38,338 | \$228.1 | \$2.2 |
| 2000 | 125,200 | 2,199 | 122,392 | 45.3 | 535 | \$1.1 | \$4.7 | \$40,463 | \$343.9 | \$2.6 |
| 2001 | 127,300 | 1,848 | 126,775 | 45.8 | 907 | \$1.2 | \$5.0 | \$39,770 | \$362.7 | \$2.9 |
| 2002 | 128,900 | 1,303 | 129,063 | 46.5 | 1,194 | \$1.2 | \$5.1 | \$39,737 | \$385.5 | \$2.7 |
| 2003 | 130,446 | 1,320 | 131,621 | 46.5 | 719 | \$1.2 | \$5.4 | \$40,199 | \$337.4 | \$2.8 |
| 2004 | 131,797 | 1,096 | 133,588 | 47.1 | 649 | \$1.2 | \$5.7 | \$40,912 | \$308.5 | \$2.9 |
| 2005 | 132,830 | 754 | 135,776 | 47.5 | 723 | \$1.3 | \$6.0 | \$41,818 | \$291.1 | \$3.0 |
| 2006 | 133,785 | 653 | 138,174 | 48.1 | 689 | \$1.4 | \$6.4 | \$42,894 | \$282.0 | \$3.1 |
| 2007 | 134,547 | 448 | 140,740 | 48.7 | 712 | \$1.4 | \$6.8 | \$44,148 | \$277.4 | \$3.3 |
| 2008 | 135,189 | 319 | 143,470 | 49.3 | 684 | \$1.5 | \$7.2 | \$45,627 | \$277.1 | \$3.4 |
| 2009 | 135,881 | 356 | 146,285 | 49.8 | 682 | \$1.6 | \$7.7 | \$47,203 | \$279.4 | \$3.5 |
| 2010 | 136,572 | 344 | 149,133 | 50.4 | 642 | \$1.7 | \$8.2 | \$48,872 | \$283.9 | \$3.7 |
| 2011 | 137,341 | 414 | 151,988 | 50.9 | 639 | \$1.8 | \$8.7 | \$49,809 | \$289.9 | \$3.8 |
| 2012 | 138,128 | 419 | 154,718 | 51.4 | 641 | \$1.9 | \$9.3 | \$51,590 | \$297.0 | \$4.0 |
| 2013 | 138,881 | 375 | 157,363 | 51.9 | 648 | \$2.0 | \$9.9 | \$52,731 | \$304.9 | \$4.1 |
| 2014 | 139,665 | 398 | 159,965 | 52.4 | 648 | \$2.2 | \$10.5 | \$54,589 | \$312.6 | \$4.3 |
| 2015 | 140,311 | 256 | 162,577 | 52.9 | 649 | \$2.3 | \$11.1 | \$55,798 | \$320.5 | \$4.4 |
| 2016 | 141,027 | 330 | 165,205 | 53.4 | 636 | \$2.4 | \$11.8 | \$57,031 | \$328.9 | \$4.6 |
| 2017 | 141,836 | 425 | 167,858 | 53.9 | 598 | \$2.6 | \$12.6 | \$58,925 | \$337.7 | \$4.7 |
| 2018 | 142,733 | 519 | 170,542 | 54.3 | 567 | \$2.7 | \$13.5 | \$60,951 | \$346.2 | \$4.8 |
| 2019 | 143,551 | 450 | 173,288 | 54.7 | 558 | \$2.9 | \$14.1 | \$61,781 | \$354.8 | \$5.0 |
| 2020 | 144,347 | 443 | 175,976 | 55.1 | 550 | \$3.1 | \$14.7 | \$62,627 | \$363.9 | \$5.2 |

- Real home prices are projected to increase an average of 4.4 percent per year over the next 5 years. During the 1997-2002 period, the average appreciation rate in home prices was 8 percent per year.



| Total Wage & Salary (000) | Farm (000) | Mining & Construction (000) | Manufacturing (000) | Transportation, Utilities (000) | Wholesale, Retail Trade (000) | Finance, Real Estate (000) | Services (000) | Government (000) |
|---------------------------------|---------------|-----------------------------------|------------------------|---------------------------------------|--|-------------------------------------|-------------------|---------------------|
| -----employment (jobs)----- | | | | | | | | |
| 47.3 | 3.6 | 1.6 | 7.1 | 1.5 | 9.6 | 1.9 | 13.9 | 8.1 |
| 50.4 | 3.8 | 1.8 | 7.7 | 1.6 | 10.8 | 1.9 | 14.5 | 8.4 |
| 53.0 | 4.2 | 2.1 | 8.0 | 1.7 | 11.2 | 2.0 | 15.4 | 8.5 |
| 56.4 | 4.4 | 2.5 | 9.2 | 1.7 | 11.4 | 2.2 | 16.4 | 8.6 |
| 59.3 | 4.4 | 2.7 | 10.0 | 1.6 | 11.9 | 2.4 | 17.4 | 9.0 |
| 62.0 | 4.9 | 3.1 | 10.6 | 1.5 | 12.0 | 2.3 | 18.1 | 9.5 |
| 64.0 | 5.4 | 3.8 | 10.6 | 1.6 | 12.1 | 2.4 | 18.4 | 9.7 |
| 63.4 | 3.8 | 3.4 | 10.8 | 1.6 | 13.2 | 2.5 | 18.6 | 9.8 |
| 64.4 | 3.5 | 3.4 | 10.9 | 1.5 | 13.6 | 2.5 | 18.9 | 10.1 |
| 65.5 | 3.3 | 3.5 | 11.0 | 1.5 | 14.0 | 2.6 | 19.3 | 10.2 |
| 66.9 | 3.2 | 3.6 | 11.3 | 1.5 | 14.5 | 2.6 | 19.8 | 10.5 |
| 68.4 | 3.1 | 3.7 | 11.5 | 1.5 | 14.9 | 2.7 | 20.3 | 10.7 |
| 70.1 | 3.1 | 3.7 | 11.8 | 1.6 | 15.4 | 2.8 | 20.9 | 11.0 |
| 71.8 | 3.0 | 3.8 | 12.1 | 1.6 | 15.8 | 2.8 | 21.5 | 11.2 |
| 73.7 | 3.0 | 3.8 | 12.4 | 1.6 | 16.3 | 2.9 | 22.1 | 11.5 |
| 75.6 | 3.0 | 3.9 | 12.8 | 1.6 | 16.8 | 3.0 | 22.7 | 11.8 |
| 77.5 | 3.0 | 4.0 | 13.2 | 1.7 | 17.2 | 3.0 | 23.3 | 12.1 |
| 79.3 | 3.1 | 4.0 | 13.6 | 1.7 | 17.7 | 3.1 | 23.7 | 12.4 |
| 81.0 | 3.1 | 4.1 | 14.0 | 1.7 | 18.2 | 3.2 | 24.1 | 12.7 |
| 82.8 | 3.1 | 4.1 | 14.4 | 1.8 | 18.7 | 3.2 | 24.5 | 13.0 |
| 84.5 | 3.1 | 4.1 | 14.8 | 1.8 | 19.2 | 3.3 | 25.0 | 13.3 |
| 86.3 | 3.1 | 4.2 | 15.2 | 1.8 | 19.7 | 3.4 | 25.4 | 13.6 |
| 88.0 | 3.1 | 4.2 | 15.5 | 1.8 | 20.2 | 3.5 | 25.8 | 13.9 |
| 89.8 | 3.1 | 4.2 | 15.9 | 1.9 | 20.7 | 3.5 | 26.3 | 14.2 |
| 91.6 | 3.1 | 4.2 | 16.3 | 1.9 | 21.2 | 3.6 | 26.8 | 14.5 |
| 93.4 | 3.1 | 4.2 | 16.7 | 1.9 | 21.8 | 3.7 | 27.3 | 14.8 |

